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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000281

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SUBJECT: DPP CANDIDATE FRANK HSIEH ON PRESIDENTIAL
CAMPAIGN, UN REFERENDUM, AND CROSS-STRAIT RELATIONS

Classified By: AIT Director Stephen M. Young,
Reasons: 1.4 (b/d)

¶1. (C) Summary: DPP candidate Frank Hsieh told the Director on February 28 that the presidential race is much closer than polls suggest and he predicted the margin of victory will be within two percentage points. Hsieh plans to begin promoting the DPP's UN referendum to boost his campaign, but said he will make clear that the referendum does not change the status quo or represent a move to de jure independence. Hsieh, who blamed the KMT for negative campaigning and election tricks, argued that the green card issue raises questions about KMT candidate Ma Ying-jeou's character and integrity. Political violence against candidates is unlikely in Taiwan's peaceful society, he observed, but incidents cannot be ruled out because of the penchant of candidates to plunge into crowds. Hsieh stressed his concerns about the KMT's cross-strait policies, including the proposal for a cross-strait common market, and he argued that Ma, if elected, would move Taiwan closer to China and further from the U.S. in an effort to create "equidistant" relationships. End Summary.

¶2. (C) The Director discussed the election campaign with DPP candidate Frank Hsieh at his headquarters on February 28. Hsieh was accompanied by campaign manager Lee Ying-yuan and international affairs director Bikhim Hsiao. Hsieh noted that later in the day he would be participating in a march and rally commemorating the tragic 1947 "228" incident, adding that he expected about 30,000 participants in the event. The Director noted that the first presidential election debate on February 24 had been rather low-key and the election atmosphere was calmer this year than in 2000 and ¶2004. Hsieh, who agreed that the campaign was not as fierce as previous ones, explained that he had a mild temperament and that Taiwan's democracy is maturing.

¶3. (C) The Director asked Hsieh about his strategy for the final three weeks of the campaign. Hsieh joked that he could not lay out his entire "secret" strategy and there were some future plans he could not reveal at this point. He observed that he was in a race against time, trying to overtake KMT candidate Ma Ying-jeou before the election on March 22. Whenever he was beginning to catch Ma, however, the Ma camp would place negative ads on television that influenced public

opinion and pushed his poll numbers down again. Hsieh said he had strongly criticized the KMT's negative ads during the debate, because the Ma camp was even airing such ads in the television advertising breaks during the debate itself.

UN Referenda

14. (C) Hsieh told the Director that he will soon begin pushing the UN referendum to boost his campaign, but he would make clear that the referendum does not change the cross-Straits status quo and is not a move to establish de jure independence. In addition to the DPP's UN referendum, Hsieh said, he is also urging voters to support the KMT referendum for entering the UN as the ROC. Hsieh did not know whether the KMT would boycott the referendum, adding that he would oppose a KMT boycott.

Ma's Green Card

15. (C) Hsieh claimed that Ma Ying-jeou has repeatedly been dishonest about his green card. A major U.S. law firm confirmed to the DPP the information on Ma's green card about a half year ago, he said, adding that he had been informed recently that the USG has removed the archive on Ma's green card from the INS file. The main question raised by the green card issue concerns Ma's integrity. Although 42 percent of the people believe Ma has lied about his green card, the DPP lacks proof and Ma hopes to get past the issue. Hsieh asserted that it was the Ma camp that had first launched negative attacks against family members by making allegations against his wife and later on against one of her relatives. It was only after the attacks on Hsieh's wife

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that the Hsieh camp raised questions about Ma's sisters.

Hsieh Predicts a Close Election

16. (C) The green card controversy has reduced support for Ma but had little effect on his own poll numbers, Hsieh said. Media and DPP polls show him trailing Ma by 10-20 points, Hsieh acknowledged. However, Hsieh questioned the reliability of such polling since he had won 41 percent of the votes in the 2006 Taipei mayoral election after pre-election polling had shown his support at just 17 percent. If the presidential election were held now, Hsieh believed the margin of victory would be within two percentage points.

17. (C) The voter turnout rate in the presidential election will be 78 percent, 20 points higher than for the Legislative Yuan (LY) elections, Hsieh predicted. While the KMT mobilized its supporters during the LY elections, many DPP supporters did not vote. Therefore, a majority of the added voters in the presidential election will be DPP supporters, Hsieh suggested. The DPP can count on pan-Green supporters to provide 46 percent of the overall votes in the presidential election. That leaves a deficit of 4 percentage points, which Hsieh said, he will have to gain from the middle (swing) voters to win the presidential election. The difference between the two candidates on the final day before the March 22 election will be within two percentage points, Hsieh predicted.

18. (C) Overall, Hsieh said, he expects to do slightly better in the north, slightly worse in the south, and about the same in central Taiwan as Chen Shui-bian did in 2004. In Taipei City, the people have feelings for Ma, who was their mayor for eight years. However, in Taipei County (where VP candidate Su Tseng-chang served as magistrate), the DPP should do better than in 2004. Although the DPP is stronger in southern Taiwan, the KMT strategy is to use its money lavishly, and the DPP will not be able to do as well in the

south as it did in 2004. While there have been some shifts in opposite directions in different areas of central Taiwan, the KMT and DPP remain closely matched overall and the situation is similar to 2004.

¶9. (C) Party unity is not a problem now, Hsieh said, because the DPP has to be unified to survive. President Chen has been cooperating well with Hsieh following the DPP's defeat in the LY elections. However, if the DPP loses the presidential election, it is likely to gradually split over time, dividing into several small parties, Hsieh suggested. If Ma is elected president, the prospects for development of the DPP and Taiwan democracy will become difficult. While the situation might seem good for a year, Ma cannot change the nature of the KMT, which maintains control of the media, intelligence services, and local factions and does not want to see the development of a two-party democracy.

¶10. (C) Hsieh noted that his campaign strategy is to stay close to Ma on the issue of cross-Strait charter flights but to strongly oppose the KMT's proposal for a cross-Strait common market. Ma's statement that he would not allow the import of cheap Chinese labor and products is just for election purposes, Hsieh claimed, adding that he believed the KMT would in fact allow the import of PRC labor because of its lower cost.

¶11. (C) If elected president, Hsieh said, he would consult with the KMT on appointment of a premier, who could come from the KMT. In that way, the government would run effectively, and the KMT would control domestic economic policy. However, Hsieh added, he would retain control of defense, security, cross-Strait and U.S.-Taiwan relations, which would enable him to block the KMT's proposal for a cross-Strait common market. Having a KMT president would be very dangerous, Hsieh argued, because the KMT could even pursue unification through constitutional change, given its overwhelming majority in the LY.

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Election Tricks

¶12. (C) Hsieh maintained that it is the KMT, not the DPP, that resorts to election tricks. For example, the KMT has used legislator Wu Yu-sheng to establish a "phony association" to launch negative campaign ads against Hsieh's record in Kaohsiung. According to Hsieh, the current level of security protection for the presidential candidates is enough to stop a deranged attacker but not a determined assassin, since the candidates regularly plunge into the crowds. Taiwan is a peaceful society, and the DPP is incapable of violence. In addition, Hsieh explained, the DPP could not possibly undertake a security-related conspiracy, because news of such a conspiracy would quickly leak as Taiwan's intelligence system continues to have deep links to the KMT.

U.S.-Taiwan and Cross-Strait Relations

¶13. (C) Taiwan's policy is to emphasize close relations with the U.S. and Japan, Hsieh noted. Despite some recent difficulties, Taiwan and the U.S. have shared interests in democratic values, security cooperation and other areas. This is especially important while China continues to pressure Taiwan. However, Ma Ying-jeou's policy is that Taiwan should maintain equidistant relations with China and the U.S., Hsieh claimed. In particular, Ma's "no war" cross-Strait policy will mean trouble for future U.S. arms sales to Taiwan, if Ma is elected. The PRC policy toward DPP-governed Taiwan is to "oppose independence" rather than "promote unification." If Ma comes to power, however, Beijing will shift focus to promoting unification, Hsieh predicted.

¶14. (C) Hsieh does not expect China to attack Taiwan because Beijing is confident it can bring Taiwan into the fold without using force. Cross-Strait connections are becoming increasingly close, as KMT leaders and legislators travel regularly to China. Developing close relations with China comes especially naturally to the privileged mainlander elite around Ma in the KMT, including, for example, Ma's sisters. Hsieh voiced concern that the Taiwan public, under the influence of the KMT, might move quickly in a new direction, without realizing the risks involved in Taiwan's relations with China. Hsieh stressed that the DPP takes a cautious approach toward China. That way, if China poses challenges, then Taiwan can move closer to the U.S. and Japan.

Comment

¶15. (C) Hsieh was relaxed in this meeting, seeming to relish rather than worry about the uphill battle he is fighting against Ma. He is doubtless pleased that President Chen has finally moved to the sidelines, letting him run his own show, and he will also hope that the sense of crisis within the DPP and the Green base will energize his campaign. Although Hsieh understands that winning support from swing voters is key to his prospects, this may prove difficult, given Ma's campaign promises of speedy opening to China and high economic growth rates.

YOUNG